

**Testimony in Support of
Bill Nos. 120393 & 120394, respectively
authorizing the
Department of Streets on behalf of the City of Philadelphia
to enter into a multi-year
Waste Disposal Agreement
with**

COVANTA 4RECOVERY L.P. and Waste Management of Pennsylvania, Inc.

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Solid Waste and Recycling Advisor to PennFuture
May 30, 2012

Good Morning. My name is Maurice Sampson. I live at 129 West Gorgas Lane in Philadelphia. I am President and CEO of Niche Waste Reduction and Recycling Systems, Inc., and today I am speaking on behalf of PennFuture for whom I serve as a Solid Waste and Recycling Advisor. Under Mayor W. Wilson Goode, I was the City of Philadelphia's first Recycling Coordinator, and more recently I served as the Chair of the RecycleNow Campaign.

I am privileged to sit on the Solid Waste Advisory Committee (SWAC) and recently had the opportunity to hear a presentation from the Streets Department after reviewing the contract in question. You should also know that I have had the opportunity to serve on previous Solid Waste Advisory Committees under the administrations of John Street and Ed Rendell, reviewing two previous waste disposal agreements. This is not new to me.

Recommend Approval for Three Reasons

That said-this is a good contract; I recommend that you approve it for three reasons. First, it's a good deal: the city will pay \$69 million less in the next 7 years than it did in the last 7 years. Second, the innovative waste processing option is a worthwhile value added to the project; and third, this contract builds a bridge for this City Council to take recycling to the next level, revealing its true potential for savings and job creation.

Reason 1: It's A Good Deal

It is really rare these days to find any commodity that stays the same price much less goes down. But the truth is told, disposal costs in this contract for fiscal year 2013 are \$34.7 million – this amount is \$8.4 million less than the Streets Department budgeted for this time period, a 19% decrease. The total disposal cost of \$256 million for the 7-year contract term is a \$69 million decrease from the previously projected disposal costs. When I asked the representative from Waste Management “why is it that this contract is less than the previous contract” she responded, “it was a very competitive bid and Commissioner Tolson is a tough negotiator.”

Just how good is this contract? It is not unusual to expect waste prices to escalate about 4% a year-this contract is consistent with that projection. If I am reading our

contract right (and if I'm not I am sure the Streets Department will correct me) and I compare Philadelphia with Boston, New York, Baltimore and Washington DC (and mind you, this is totally speculative) consider this:

<u>CITY</u>	<u>FY2013</u>	<u>FY2019</u> (Assuming 4% a year)
Philadelphia	\$57.99	\$73.38
Boston:	\$79 ton	\$100<
New York:	\$80 ton	>\$100
Baltimore:	\$65 ton	>\$82
Washington DC	\$60 ton	>\$75

Reason 2: Innovative Waste Processing Option Brings Jobs

Second, I see benefit in the innovative waste processing option described as WM SpecFUEL. I have to admit to being skeptical when I first reviewed the contract. However, I have now come to understand the process, and the opportunity it presents in both job creation, and as a fuel supplement that will allow coal to burn cleaner. SpecFUEL, as it was explained to me is derived from the residue left after mixed waste recycling: organic and non-recyclable bits of mostly plastic packaging, including PVC which cannot be burned safely. The PVC is removed and landfilled and the organic residue set aside for either landfilling or some form of biogas waste conversion. The balance of the material is pelletized into the engineered fuel that has been trademarked as SpecFUEL.

I am personally familiar with this residue, as it is the same material that remains after I perform a waste sort for a client. It is unusually worthless, and I am pleased to see a process that finds its value, particularly one that can employ 25 people at no cost to the taxpayer.

Reason 3: Opportunity to Plan for the Future Without Crisis

This brings me to my last point. For the first time in 90 years, we have the opportunity to take the time to develop a waste management plan without a crisis. Coincidentally, under provisions of Pennsylvania's Solid Waste Planning and Recycling Act 101, the City of Philadelphia is required to revise its solid waste plan every 10 years, currently overdue for the period 2010–2020. Past Plans have been prepared by the Streets Department, at times with input from consultants, at the direction of the Solid Waste Advisory Committee appointed by the Mayor. The City Council and the Department of Environmental Protection must approve the final plan.

City Council has several reasons to pay close attention to the preparation of this plan. First of all, this plan will address how the city will spend up to \$100 million a year–\$1 billion over 10 years, affecting decisions to be made by both the next session of City Council, and the next Mayor. Second, the type of solid waste management system the city will live with for the next 30 years will be determined in the next 5 to 10 years. During the last 5 years, the Nutter administration has delivered a recycling program that has gone from 4 to almost 20%. Under

Greenworks, the Nutter Administration set recycling goals for 20% by fiscal year 2010, and 25% by fiscal year 2016. Unfortunately, of those materials we are currently collecting at the curb—news and mixed papers, cardboard, glass, metal and plastic containers—the total waste stream only contains 24% of these materials. The only way the city of Philadelphia can reach 25% is by adding organic materials to its collections. While this is possible, and advantageous to do, it requires recapitalization cost can only consider with thoughtful planning.

Doing so, would allow us to compete with San Francisco and Los Angeles who have waste diversion rates of 60 to 75% and whose programs have spurred economic development with hundreds of private sector low and semi-skilled jobs.

Greenworks does not consider, or even leave open for discussion the possibility of this approach. Instead it suggests, a return to a large-scale, waste to energy solutions, in the form of the new and unproven waste energy conversion technologies.

I would submit to you, that these approaches are not necessarily mutually exclusive and what we need to do is to consider all of our options to develop a Sustainable Solid Waste Plan with vision for 2020. The work Mayor Nutter and the Streets Department have done in and developing the city's recycling program, and bringing before you an excellent waste management agreement, lays the foundation that gives us time to make those considerations. The process provided under Act 101 and its Solid Waste Advisory Committee, provides a rational and legal framework to have this discussion, with Mayor Nutter and the City Council having the last word.

I hope that you will take my suggestion to heart in your discussions with the Mayor. As advisor to PennFuture, I look forward to working through your subcommittees to understand the issues and “make it happen.”

Thank you.